GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:679
ANSWERED ON:02.03.2007
`EXTERNAL COMMERCIAL BORROWINGS BY NBFCs`
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Singh Shri Kirti Vardhan;Tripathy Shri Braja Kishore

Will the Minister of FINANCE be pleased to state:

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(a) whether the Government proposes to liberalise the external commercial borrowings by non-banking finance companies for financing the infrastructure projects;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Government has studied the impact of this proposal on the balance of foreign assets and liabilities;

(d) if so, the details thereof; and

(e) the corrective measures taken by the Government in this regard ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. K. BANSAL)

(a) & (b) : External Commercial Borrowing (ECB) policies are reviewed periodically by Government in consultation with Reserve Bank of India keeping in mind the current macroeconomic situation, changing market conditions, sectoral requirements, challenges faced in the external sector management and experience gained so far in administering the policy. However, at present, Government does not propose to liberalise the external commercial borrowings by Non-banking Financial Companies (NBFCs) for financing infrastructure projects.

(c) to (e): Do not arise in view of (a) & (b) above.